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World Rice Trade's Changing Picture

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In this issue:

2 World Rice Trade's Changing Picture

4 Austria To Remove Import Levy on Oilcake and Meal By Donald M. Nelson, Jr.

5 Japanese Council Urges Freer Food Trade

6 Europe and the Soviet Union—Agricultural Production Indices for 1968

7 U.S. Foods "At Home" to Overseas Food Buyers

8 IIC's 1969 Central Projects Star New Cotton Fashions and Fabrics

10 Sweden's U.S.-Type Newspaper Sells U.S. Foods

11 Crops and Markets Shorts

12 Brazil Slows Food-Price Rises by Greater Production

This week's cover:

Rice terraces in Indonesia, one of the world's major importers of rice. But the rice crop in that country, as in most others, has improved, and rice this year will not be so valuable a world export as in 1968—a story that's told in this week's lead article.

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

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World Rice Trade's Ch

The challenge of agricultural production and trade is that no situation ever remains the same: with weather and producer intentions uncertain, shortages may turn to surpluses in no time (or vice versa), and prices may skyrocket and nosedive accordingly.

Such is the case for rice—a decidedly volatile crop this season and the previous two. In the first of these, 1966-67, an extreme low in production occurred; in the following year, output skyrocketed to a new high. Then, early this season, it looked as if a near-record crop would lead to a glut on the export market for rice. Exporters prepared for the worst and governments began reappraising their production policies, only to see a tempering of the cycle as drought gripped several Southeast Asian countries in November and December 1968 just prior to harvest.

Weather the difference

Use of high-yielding varieties of rice, like IR-8, and better production practices contributed to the recovery in rice production in 1967-68, but as has always been the case, weather was the crop maker and breaker. Drought in some areas and floods in others reduced the 1966-67 production (excluding Mainland China, North Korea, and North Vietnam) to only 160 million metric tons of rough rice—the lowest level in many years. Good weather, plus the added inputs, allowed production in the following season not only to rebound but also to set a new record of 183 million tons.

That dramatic crop improvement enabled exporters and importers alike to rebuild stocks, although recovery from 1966-67 was not complete and prices remained strong into mid-1968. Then came prospects of a large 180-million-ton crop in 1968-69; prices began to fall but recovered partially when news of drought in Asia began to appear.

At the outset of the U.S. marketing year (August 1968), it looked as if the only notable production declines would be in Chile, India, and South Korea, but now Cambodia has been added to the list. Also, other Asian nations like the Philippines, Thailand, and South Vietnam have had to revise downward their production estimates.

Thus, it currently appears that foreign countries may have only a little more rice available for export in 1969 than they had in 1968. The United States, however, has considerably larger exportable supplies.

In response to the changing supply situation, prices in late 1968 were moving downward from the highs reached earlier that year and appeared destined to drop even further. Instead, they have started back up again. Thus, Thai 100-percent white rice—a common yardstick of what's happening in rice trade—is now selling for $190 per ton compared with $226 in January 1968, $245 in March 1968, and $185 in December 1968.

Top exporters have improved crops

The *United States* once again topped past performances, with a crop that was 17 percent above last season's to a record 4.8 million tons (rough basis). This huge crop came on the strength of a 20-percent increase in acreage. And it

's Changing Picture

means that this country has much more rice available for export in 1968-69 than the previous year's export of 1.8 million tons. At the first of the August-July crop year, good progress was being made toward moving this record supply, with large shipments to Indonesia and announcement of a 400,000-ton program with South Korea. However, the situation began to change as Asian countries brought in their new crops.

In view of the large world crop and improved conditions in South Vietnam (which has in recent years imported large quantities of U.S. rice), the United States has taken steps to cut back future production. On December 27, 1968, Secretary of Agriculture Orville L. Freeman announced a 10-percent drop in the 1969 acreage allotment for rice. The new allotment is 2.16 million acres, compared with 2.4 million in 1968.

Secretary Freeman also proclaimed marketing quotas for the 1969 crop and announced a mail referendum on quotas during January 20-24, 1969.

In *Thailand*, the 1968-69 crop had earlier been forecast at a near-record 11.9 million tons of paddy, but drought and insect damage have reduced prospects, and the crop will probably be no larger than 11.4 million tons. The country may have up to 1 million tons (milled basis) from the new crop for export, plus another 500,000 or so from last year's; this gives it an exportable surplus of about 1.2 million to 1.5 million tons, compared with 1 million in 1968. So far, however, it has a home for only about 500,000 tons of export rice, causing concern about where the other million tons will go.

Burma is harvesting its second largest crop on record—an estimated 8.2 million tons of paddy, compared with last year's 7.7 million. This will allow a recovery in exports, which were held back to 300,000 tons, milled basis, last year because of fear of rice riots in Rangoon. No riots materialized, and the country actually ended up with 125,000 tons that could be exported. This plus supplies from the new crop will allow Burma to export from 600,000 to 700,000 tons of rice, providing it can find markets.

Taiwan and some of the newcomers

The first 1968 rice crop in the *Republic of China (Taiwan)* reached a record 1,220,000 tons (brown-rice basis), or 6 percent above the 1967 crop. The country's second crop also looks good, and total production should climb to a little over 2.5 million tons, or about 100,000 above 1967. This gives Taiwan an exportable surplus of some 225,000 tons, but the trade is wondering who will buy the rice—especially since its former top market, Japan, is no longer purchasing rice.

Japan is, in fact, thinking about exporting rice—an abrupt change from previous policy. That country's 1968-69 crop is estimated at close to last season's whopper of 18 million tons of paddy, which abruptly stopped Japan's rice import trade. Not too long ago an importer of over 400,000 tons of rice, Japan now faces the prospect of a growing stockpile, which may hit about 4.0 million tons by October 1969. This would cause storage and disposal problems and is the reason why Japan is looking into export possibilities.

Another country that has passed the self-sufficiency mark is the *Philippines*. A 5-percent gain in the 1967-68 crop—to 4.3 million tons—made the Filipinos self-sufficient in rice and gave them about 50,000 tons for export. With prospects of a larger crop in 1968, they were talking of a 500,000-ton exportable surplus in 1969. However, dry weather came a month ahead of time, dimming crop prospects and making uncertain the export outlook for 1969.

West Pakistan, a surplus producer while the rest of the country is in a deficit position, has a very good 1968-69 crop; estimates run as high as 2.1 million tons (milled basis), or 75 percent above last year's crop. If these are correct, the country could have an exportable surplus of 200,000 tons of Basmati (long-grain aromatic rice) and from 400,000 to 500,000 of IR-8. Current plans call for shipment of at least 100,000 tons of the latter to East Pakistan and the export of 200,000 tons of Basmati to Saudi Arabia, Kuwait, the USSR, and other countries. In the past, Pakistan has been quite successful in exporting high-quality Basmati; however, it never before has had so much to sell.

Mainland China's export plans

Rice production in *Mainland China* is believed to be below that of last year because of extensive flood damage to the early crop. The country does, nevertheless, seem to be planning "exports as usual," which in the past few years have totaled about a million tons. In fact, Thailand and some other countries are worried because of Mainland China's proposed plans to put rice into Singapore on consignment beginning this month. The rice, according to trade reports, would actually be stored in Singapore by the Chinese and then sold by Singapore merchants on a commission basis to any world destination. Mainland China, like Taiwan, has the problem of finding markets for rice that in the past would have gone to Japan. This amounts to about 200,000 metric tons.

Among the Asian exporters, *Cambodia* has been most affected by the drought. Some sources say that output will be down by as much as one-third from the 2.5 million tons of 1967-68 and that the possibility of severe shortages is very real. Failure of government incentives to spur greater production was given as another reason for the decline.

Outside Asia, *Italy* had a 1968 crop that equaled 1967 production. An 11-percent increase in acreage had been expected to boost production, but floods in the fall and late maturity of the crop reduced yields considerably. Thus, the exportable surplus will be close to last year's 200,000 tons, and most of it will again be sold in EEC and other European countries.

The United Arab Republic had a 1968-69 crop of 2,350,000 tons (rough basis), or slightly more than the previous year's. The country is said to have 650,000 tons for export.

Other exporters include Australia, with 100,000 tons available for shipment; Spain, also with a large surplus; France; the Malagasy Republic; Guyana; Surinam; Brazil; Venezuela; and Argentina.

Some of the importers

Production of rice in *India*, the Free World's largest single producer but also an importer, is estimated at 57 million

tons, rough basis, or 7 percent below last season's crop. Output is still, however, the third highest on record. The decline could mean that India this year will be taking a little more rice than the 375,000 tons imported last year.

Indonesia had a 1968-69 crop of 10.16 million tons of milled rice, or 360,000 tons over last year's. Excellent weather was primarily responsible for the gain, although the country also is making a concerted effort to expand output—it hopes to up production 5 percent yearly so that self-sufficiency may be gained in perhaps 10 years. In 1968-69, the country plans to import about 700,000 tons of milled rice, including 300,000 from the United States under P.L. 480. These imports will reportedly give Indonesia some carryover into 1969-70 for use as a buffer against emergencies.

Hong Kong normally takes about 350,000 to 360,000 tons of rice; however, import requirements may be less this year because of large stocks in the Colony and a steadily declining consumption level. Last year, the United States shipped 50,000 tons of rice to Hong Kong, primarily because supplies were not forthcoming from Thailand. This year, the situation is very much different, and prospects for U.S. sales there look dim.

In *Malaysia,* the rice situation has shown considerable improvement during the last 2 years. Production has increased because of double cropping, improved irrigation, water control, and new varieties; and import requirements have been steadily declining. Optimists claim that Malaysia will be self-sufficient in rice by 1971, although many other sources believe it will not be until 1975. In the meantime, the country is importing about 300,000 tons of rice a year; and this year, it plans to export some Egyptian rice which the government imported during the short period of 1967 and has been unable to sell on the home market.

Malaysia's neighbor, *Singapore,* is an important middleman in world rice trade and also imports some for its own people. Recently, however, there have been about 50,000 tons of surplus rice in the market, and merchants have tried rather unsuccessfully to export it. Trade sources in Singapore report that U.S. sales in the Hong Kong-Singapore-Malaysia market will probably be less this year because of Thailand's large rice supplies, plus the long transit time and high freight costs that go along with importing U.S. rice.

Korea taking more, Vietnam less

Drought hit *South Korean* rice production this season dropping it for the second season in a row—this time by 9 percent to 4,493,000 tons, rough basis. As a result, the country plans to take over 400,000 tons of U.S. rice in 1968-69, 245,000 of which will move under P.L. 480 and the rest for dollars or under the CCC loan program. Last year, South Korea imported 308,000 tons of U.S. rice—all for dollars.

In *South Vietnam,* production has been affected by the drought, and losses in the Delta are put at about 15 percent. However, because of the lull in fighting, the country has had more success in moving rice to market. If this lull continues, the country will probably be importing less than the 700,000 tons of 1967-68.

Ceylon has a 1968-69 harvest of some 1.3 million tons of rough rice, compared with 1.1 million last year. This means another decline in its import needs.

Austria To Remove Import Levy on Oilcake and Meal

The Government of Austria has agreed to rescind its import levy of $19.41 per metric ton on oilseed cake and meal as promptly as its Parliamentary procedures permit, but in any event not later than March 1, 1969. Austria has also agreed that the levy will not be replaced by any other measure with equivalent effect. This agreement comes after months of intensive consultation between representatives of the U.S. and Austrian Governments through the framework provided for in the General Agreement on Tariffs and Trade (GATT). These discussions began prior to the July 15, 1968, imposition of the fee.

Import licensing fee

On July 1, 1967, as a result of the Kennedy Round of Trade Negotiations, the Austrian Government gave a guarantee that future imports of oilseed cake and meal would be allowed entry into Austria free of duty. One year later, in July 1968, Austria began to collect a "licensing fee" on these imports which was equivalent to 0.9 cent per pound, or an ad valorem duty equivalent of approximately 18 percent. The Austrians had estimated that the levy would bring in approximately $1.9 million per year in revenue that could be used to subsidize the sale of milk solids to be used as a substitute for oilcake in feedstuffs in an attempt to alleviate their dairy surplus problem.

The imposition of the levy was strongly protested by the Government of the United States because of our large and increasing trade interest. Austrian imports of oilcake and meal increased from $8.9 million in 1965 to $11.0 million in 1967, with the bulk of the supply coming either from soybeans of U.S. origin crushed in Western European countries or from direct imports from the United States. This increase was no accident. It reflects Austria's growing need for high protein feed to modernize its livestock industry. It also reflects U.S. technical and promotional assistance in meeting this need. This assistance was provided under a cooperative program jointly financed by the USDA, the Soybean Council of America, and Austrian trade groups. The United States has enjoyed a large share of this market because of an assured supply of a reasonably priced, high-quality product. In recent years Austrian production of protein feedstuffs has been less than 6 percent of total supplies available in that country; thus it is also in the best interest of the Austrian livestock producer that the feedstuffs imported not be burdened with a duty.

Because of the importance the U.S. Government attached to this problem, the Austrian Government was notified that if the levy were not rescinded, the United States would be forced to make compensatory withdrawal of certain tariff concessions of interest to Austria. On January 15, 1969, agreement was reached between the two governments concerning removal of the levy, thus assuring American soybean producers and processors unimpaired access to this important and growing market for oilseed cake and meal. —DONALD M. NELSON, JR.

Operations Analysis Division, FAS

Japanese Council Urges Freer Food Trade

The Japanese, who are enjoying increased national income from industry and business, are not happy with some of the side effects of their prosperity—rapidly rising prices of some foods, great fluctuations in the supply and prices of other items, and scarcities at reasonable rates of many foods that are not produced in quantity by Japanese farmers.

In 1967 the Commodity Price Stabilization Promotion Council was established by the Japanese cabinet and its members appointed by the Prime Minister. The chairman of the Council, Dr. Ichiro Nakayama, is one of Japan's leading economists. In particular, the Council examined the relation of prices of foodstuffs, food import policies, trends within Japanese agriculture, and changing consumer demands. Late in 1968 the Council reported to the Prime Minister regarding measures the Japanese Government should take to stabilize domestic food prices and to increase the productivity of Japanese agriculture and fisheries.

Consumer gets attention

The central theme of the Council's report to the Prime Minister is that Japanese agricultural production and trade policy in the future must reflect consumers' interests as well as the interest of the farmer. In the past the Japanese Government has followed a restrictive agricultural import policy largely in an effort to increase the output and incomes of domestic farmers. While this policy has temporarily benefited many agricultural producers, particularly rice farmers, consumers as a whole have suffered from rising prices and unstable supplies.

The restrictive import policy is also of doubtful long-run help to Japanese agriculture. It has helped to perpetuate low productivity per farmer and the high-production-cost problems of Japan's farms, which in turn have fostered inefficient operations and have been a hindrance to increasing national agricultural output. Furthermore, the costs of the restrictive import policy have been unevenly distributed—urban Japanese not only pay most of the taxes that support the program but also are the principal sufferers of the resulting high agricultural commodity prices.

The Council pointed out that liberalization of the agricultural import policy could be an impulse in the direction of improving both the efficiency and total production of Japanese agriculture. Food imports not only help stabilize food prices by easing supply-demand pressures for short periods but also tend to increase domestic efficiency and quantity of production. The last trend, especially, is an aid to keeping food prices stable.

Some of the benefit of enlarged agricultural imports of certain commodities could be lost, however, if Japan does not revamp its existing domestic distribution setup. Especially if import volume grows quickly, much of the intended benefit (lower consumer prices) may be negated by high distribution costs because of the many intermediaries between foreign seller and Japanese consumer.

Poultry success story

In its recommendations for freer imports of agricultural products, the Council cites the stable situation of poultry-meat supplies and prices. In contrast to the sharp rises in prices of most foods in recent years, prices for broilers have increased only slightly. In 1962 the average retail price in Tokyo for deboned broiler meat was about US$0.91 per pound. In 1967 the price had changed only slightly and was about $0.92 per pound.

The Council feels the solid situation of the poultry industry reflects the liberal attitude of the Japanese Government toward joint Japanese-foreign firms that have gone into poultry breeding and production in large scale, the adoption of broiler-raising technology from the United States and other countries, free importation of baby chicks, free importation of corn and grain sorghum for feed, and no quantitative restrictions on poultry-meat imports (although there is a 20-percent duty).

Poultry-meat imports are now small in comparison to the domestic production (7,900 metric tons of imported chicken meat in 1967 in contrast to 170,000 tons domestic output). But the imports have an important stabilizing effect on domestic retail prices. Well over half of annual import volume arrives during the last quarter of the calendar year in response to heavy year-end demand that could not be fully met from local production. Without these imports, prices would probably rise sharply at the end of the year.

As their per capita incomes rise, Japanese consumers are buying more and more poultry meat because its price is attractive in comparison to some other foods caught up in price-demand squeezes. Japan's poultry-meat output has jumped from 33,200 metric tons in 1962 to the 1967 figure of 170,000 tons.

Government evaluates stance

In the past, the traditional Japanese policy of maintaining high domestic farm prices and strict controls on agricultural imports has met with uncoordinated and ineffective domestic opposition. Similarly, pressure on Japan from supplying countries to liberalize agricultural trade has met with very limited success.

Recently, however, attacks on this policy have been intensified from both directions. Domestically, the Council's report should give strong support and encouragement to an informal press campaign against high food prices in which almost all of the news media are participating. Externally, Japan's trading partners are pressing it harder than ever to eliminate or to moderate agricultural trade restrictions. Japan is being told that failure to act promptly will make it very difficult for supplying countries to maintain current levels of access in their own markets for Japanese industrial exports.

In spite of these pressures, Japan has not yet significantly altered its protectionist agricultural policy. One evidence of this is the unsatisfactory response to the latest U.S. effort to obtain substantial relaxation of quota restrictions on agricultural products, restrictions that Japan concedes are inconsistent with provisions of the General Agreement on Tariffs and Trade (GATT).

The Japanese Government is, however, currently reviewing, seriously and comprehensively, its agricultural production and trade policies. Prospects for some liberalizing changes may have been improved by the issuance of the Commodity Price Stabilization Promotion Council's report.

—Based on dispatch from ELMER W. HALLOWELL
U.S. Agricultural Attaché, Tokyo

Europe and the Soviet Union

Agricultural Production Indices for 1968

This is the third in a series of four articles that give regional and country information on agricultural production performance in 1968. The index numbers and other figures presented here are based on preliminary crop estimates available before December 1968. Revised estimates received from the countries during early 1969 will be used to adjust figures and indices.

Preliminary world indices and some regional trends were given in Foreign Agriculture, *January 6, 1969, page 4; figures for Africa and West Asia were in the January 13 issue, page 6; and similar information for the Far East and Oceania was published January 20, page 7.*

Europe and the Soviet Union had a good agricultural year in 1968. Levels of agricultural output in Western Europe and the Soviet Union were records, while Eastern Europe experienced a slight decline from 1967 because of drought.

Western Europe

The index of agricultural production for Western Europe as a whole, as well as for the European Community (EC), increased to 131 (1957-59=100) in 1968, 2 points above the previous record level achieved in 1967. The EC contributed about three-fifths of the total gain in value of output for Western Europe. Within the EC increases in production of milk, beef and veal, wheat, corn, and sugarbeets in France more than offset decreases in output of olive oil, durum wheat, and sugarbeets in Italy. Levels of production in 1968 in other EC countries were roughly the same as in 1967.

Among the non-EC countries of Western Europe, significant changes in agricultural production between 1967 and 1968 included increases in Spain, Norway, and Portugal and a decrease in Greece. Greece as well as Italy experienced dry weather in 1968. Recovery from the 1967 "off-year" in olive oil output in addition to a marked upswing in barley production was primarily responsible for the increase in agricultural output in Spain. Larger harvests of barley in Norway and wheat in Portugal were important in enlarging the output in these countries. For Greece, smaller crops of wheat and barley and a decrease in olive oil output contributed to the decline in the production index. The value of agricultural production of the other non-EC countries in Western Europe, including the United Kingdom and Denmark, was not significantly different in 1968 from 1967.

Eastern Europe

Eastern Europe's agricultural production declined 5 points to 124 in 1968 after 5 successive years of sustained growth. A prolonged 1968 spring drought affected field crops, fruits, and vegetables and lowered output by 5 to 10 percent from the 1967 levels in Hungary, Romania, Yugoslavia, and Bulgaria. East Germany's output declined slightly, but gains of 3 to 4 percent were made in Czechoslovakia and Poland. Livestock production increased in all countries—in the south because of slaughter to conserve feed during drought and in East Germany, Poland, and Czechoslovakia because of increased livestock numbers and better feed supplies.

Soviet Union

Agricultural production in the Soviet Union achieved a new record level in 1968 that was substantially up from the 1967 performance and slightly exceeded the previous peak of 1966. The good grain harvest caused crop output to move well ahead of the 1967 level and to approximate the 1966 harvest. Total grain output rose about 12 percent from 1967 to 1968 and was only about 4 percent less than the 1966 record. Especially good weather in the Ural and Volga regions offset dry weather in the southern portions of European Russia and average weather in the eastern virgin lands regions.

The output of industrial crops—especially cotton, sugarbeets, and oilseeds—was near the maximum ever harvested in one year. This production was grown on an area the same as or smaller than in 1967 despite less than optimal weather conditions. A record sugarbeet crop was reported for 1968.

Livestock production increased modestly in 1968. Principal reasons for the slowdown in livestock production were the spring drought in the southern part of the European USSR, reduced feed supplies from the 1967 crop season, and a decline in hog numbers from 1967. Output of most livestock products will, however, be at record levels in 1968.

—Fletcher Pope, Jr.
Foreign Regional Analysis Division, ERS

AGRICULTURAL PRODUCTION INDEX NUMBERS FOR EUROPE AND THE SOVIET UNION, CALENDAR YEARS 1964–68

Country or area	1964	1965	1966	1967	1968 [2]
Western Europe: [1]	116	119	120	129	131
Belgium-Luxembourg	110	108	108	122	121
France	121	129	125	136	142
Germany, West	115	108	112	123	125
Italy	108	114	116	126	120
Netherlands	122	120	125	137	139
All EC	116	117	118	129	131
Austria	116	104	119	125	121
Denmark	124	124	121	122	126
Norway	103	110	107	106	115
Portugal	89	100	87	106	111
Sweden	117	115	105	117	115
Switzerland	109	107	111	118	118
United Kingdom	127	132	131	137	135
All EFTA	120	122	120	127	127
Finland	116	129	120	126	127
Greece	124	132	134	143	125
Ireland	102	106	108	121	119
Spain	107	114	130	134	150
Eastern Europe:	115	116	127	130	126
Bulgaria	127	132	155	153	134
Czechoslovakia	110	95	111	114	117
Germany, East	105	111	110	122	121
Hungary	107	110	117	118	112
Poland	121	123	130	135	140
Romania	112	123	141	139	126
Yugoslavia	117	108	131	126	115
Soviet Union	122	116	138	133	139

[1] West European regional price weights were used in calculating these indices of agricultural output. Also, the indices for the various countries of Western Europe are limited in coverage to 12–18 crops and livestock products. Thus, these indices will differ from those calculated by the various countries. Some of the indices have been revised from those published in *Foreign Agriculture* on January 6, 1969.

[2] Preliminary.

U.S. Foods "At Home" to Overseas Food Buyers

USDA's Foreign Agricultural Service, which has many times joined with cooperating U.S. food and trade groups to show U.S. agricultural products at trade fairs overseas, is joining with the Super Market Institute May 11-14 in sponsoring at Atlantic City, N. J., a "trade fair in reverse." This event, the Overseas Executive Food Buyers' Conference, will be held in connection with the annual convention of SMI—international trade organization of the U.S. grocery industry.

Cooperating with USDA in organizing trade participation, both from the United States and abroad, is the Air Transport Association of America.

The conference is planned for the benefit of food executives and buyers from North America and overseas countries who are interested in studying the U.S. food industry and selling its products to their customers. This event will offer these leaders an unparalleled opportunity to meet with their U.S. counterparts and to view and sample the immense display of U.S. food types and brands assembled every year for the SMI gathering.

Convention Hall at Atlantic City, with the Super Market Institute exhibit of an earlier year. Modernization has added 50,000 square feet of exhibit space, bringing the total to 320,000. Auditorium and workshop space are ample, too.

In Atlantic City's Convention Hall, one of the world's largest, more than 500 food companies will sponsor exhibits of their products. Among these exhibits, the foreign buyer can find nearly every type of food product grown, processed, and manufactured in the United States.

Business sessions of the SMI convention, led by top experts in the U.S. food industry, will be open to the foreign visitors. Lectures and workshops will cover subjects that are of the first importance to food businesses the world over, such as store management and engineering, merchandising, inventory control, and employee relations. Special sessions will deal with store handling of meat and fresh produce.

Near the Convention Hall, FAS is setting up a conference headquarters, staffed by specialists in international marketing and offering language assistance, appointment facilities, and information on every aspect of U.S. foods. Seminars on international merchandising problems and situations relating to trade in U.S. food products will supplement the SMI convention sessions. USDA will provide these conference facilities, though visitors will pay their own travel and personal expenses.

For more information, write the International Trade Fairs Division, FAS, USDA, Washington, D. C. 20250. Inquirers overseas should address the Agricultural Attaché in the U.S. Embassy located nearest them.

Conference Offers to Overseas Buyers—

- The largest exhibit of U.S. branded foods ever brought together in one place—many of them new products.
- Full information, including price, on all the products exhibited.
- Displays of store equipment and supplies used in modern U.S. food retailing.
- Person-to-person meetings with leaders of America's food industry.
- Facilities for private trade discussions with U.S. suppliers; some interpreting aid.
- Seminars and workshops on profitable retail food merchandising methods and on international food trade problems.
- Assistance in arranging tours to selected centers of food retailing and manufacturing in the United States.

Conference Offers to U.S. Suppliers—

- An opportunity to show overseas executives a complete product line, an aid in planning future overseas promotions.
- An exchange of merchandising ideas with food experts from many countries at minimum travel expense.
- Person-to-person meetings with past, present, and future customers and possible agents or representatives; aid in setting up appointments.
- USDA specialists' help in discussing international trade problems such as foreign requirements for ingredients and labeling.
- Seminars and workshops, with special attention to export and marketing techniques.
- Information on USDA's worldwide market development program for food and agricultural products and the activities in prospect for 1969.

IIC's 1969 Central Projects Star New Cotton Fashions and Fabrics

In its issues of August 5 and 26, 1968, Foreign Agriculture *reported on the International Institute for Cotton's programs for country-level sales promotion and for utilization research—weapons used by IIC in its continuing duel with the manmade fiber industry on behalf of cotton. In the article that follows, IIC's "central projects" for sales promotion on an international level are set forth, with emphasis on changes for 1969.*

The year ahead will see some new turns in the market development road of the International Institute for Cotton as it uses its 12 "central"—or international—projects to step up the sale of pure cotton products. One such new turn is a much stronger emphasis on the discovery and publicizing of new and interesting cotton fabrics, with possible IIC involvement for the first time in aiding fabric development. Another new turn is a marked broadening of public relations efforts—general press and photo services, technical information and news, and special brochures. Three continuing fashion projects will retain IIC's hold on Europe's cotton fashion scene.

Nos. 1, 2, and 3 of the IIC central projects, all of some years' standing, are continuing through 1969.

No. 1, Casual Cottons—a collection of men's leisure wear—will complete another 2-year program. This month, Cotton Casuals '69 aims for the high point of its "commercial" phase, when participating manufacturers and IIC produce merchandising materials—counter cards, catalogs, posters—to promote the garments the campaign has created for retail stores to sell this spring. This phase passes into the final, or "consumer," phase in April, with intensive advertising in the consumer press as style-conscious young European males, to whom the campaign is addressed, begin to think of summer vacation.

Also beginning in January, however, is the "creative" phase of next year's campaign—Casual Cottons '70. Top designers are selected (Casual Cottons '69 features Michel Schreiber, Paris; Peter Golding, London; and Sighsten Herrgaard, Stockholm); national IIC offices gather fabric samples from local weavers; the designers discuss trends and fabrics.

By April the collection is ready, with sketch books, patterns, and prototypes of the "idea garments," and the campaign enters the "production" phase. National offices show the sketch books and fabric swatches to local manufacturers, who begin to sign up for participation. Manufacturers need only agree to use 100-percent cotton fabrics in adopting or adapting the designs they choose and to include these "second generation" garments in their own commercial collections.

July begins the "commercial" phase, when manufacturers ready their own collections. Garments from these, together with the idea collection, are offered in August at the Cologne *Herrenmodewoche,* Europe's top fashion fair for men's wear. From then until December comes intensive promotion in the international and national trade press, while the retail trade is placing its orders for next summer. And so the Cotton Casual year rounds to another January.

IIC's No. 2 central project—Women's Casual Cottons, a collection of women's leisure wear chosen from top European manufacturers—will change its presentation this year, dropping its formal fashion show at Vestirama, the fall Brussels fair, and concentrating on photographs and publicity for the Paris ready-to-wear shows later on. No. 3—Rain or Shine, a collection of men's and women's cotton rainwear presented with the International Rainwear Council—will change its advertising medium and branch out into special merchandising brochures.

New during 1968 was Project No. 4, participation in the world's biggest fabric fair—Interstoff, at Frankfurt, West Germany, where for the first time fiber organizations were allowed to exhibit. IIC's highly successful debut there in May, with some 800 visitors to its stand, was

Some key ideas from IIC sketch book, top to bottom: Two-piece outfit with front-and-center pocket on topper and on each trouser leg (adapted in several fabrics); jacket and pants with matched bands; one-piece terry playsuit; jersey coverall, with sleeveless gabardine jerkin zipped open to form a waterproof ground-sheet.

Above left, maker-up adopts design for tattoo-printed shirt and shorts. Original included long-sleeved hooded coverall. Center, waistcoats team with pants and miniskirt for Women's Casual Cottons '69. Right, brown and off-white duo from Rain or Shine '69.

followed by an even better showing in November, with more than 1,000. Many leading cutters returned, and many weavers reported new cutter customers; all were pleased with IIC's assistance.

Particularly impressive to the visitors and the press was IIC's demonstration of cotton fabrics available for winter, making cotton an all-year fashion fiber. The IIC stand showed how some of the traditional heavy fabrics like needle cord have been turned into high-style designer material by new printing techniques, so that they can now claim a share of the winter markets previously conceded to wool and synthetics. Also exhibited were important developments in rainwear fabrics and in fall and winter knits, which are aiding the IIC effort to widen the main cotton selling season.

IIC's success in hunting out new cotton fabrics for its idea collections and for Interstoff display underscores its awareness that consistent innovation in fabrics is what the trade expects.

Undoubtedly, the future's biggest source of new cotton fabrics will be creative weavers and knitters. However, more positive action is needed, for much development work—often of a mechanical nature—must be undertaken in areas such as knitting before satisfactory cotton fabrics can be produced. All signs point to a bigger share of the textile market for knitted fabrics, and nearly all new knitted fabrics coming out at this time are partly or wholly of manmade fibers.

In its Project No. 5, IIC is studying development problems in weaving and knitting while it encourages fabric producers to focus at least some of their attention on developing new cotton fabrics. And through its programs, new fabrics are being produced in the laboratory. These programs are giving special attention to the development of knits, particularly wrap knits to compete with the continuous-filament synthetic yarns. Experiments include fabric produced on revolutionary machines like the "Co-we-knit" (combination weaving-knitting) machine produced by Carl Meyer in Germany and the new-type Rachelle machines. New yarn types like the open-end yarns are also being knitted on conventional machines.

The next step is to prove the economic feasibility of these new fabrics by full-scale tests in commercial mills. This will be done under cooperative agreements. The third step will be to interest the big buyers. After all these preliminary steps are completed, IIC will enter into cooperative agreements to produce and promote these new fabrics with leading groups in the industry and trade.

IIC will continue encouraging manufacturers to produce interesting new cotton fabrics and will promote these at special exhibitions and—where appropriate—with cooperative advertising. At the Paris cotton research seminar in April, IIC will have a special showing of some fabrics and finishes new in the market this season and of others in late stages of exploration and development.

Central projects 6 through 12 involve old and new publicity tools. IIC's general press and photo services are being expanded to focus press attention on new styles in cotton by leading designers; quality improvements in cotton that benefit consumers; and developments in the trade and industry that benefit national economies in the program countries. The press service will support and be supported by the IIC fashion projects; it will also include cotton news from important international collections, general cotton news, and feature articles. The Paris office will continue the Haute Couture press service. The Brussels office will continue the general cotton press international service and issue in spring and autumn special releases like those inaugurated on children's wear in 1968.

The technical cotton news service will be continued from Frankfurt. A four-times-yearly newsletter will be added, to give in headline form the IIC's progress in technical research and marketing. This publication will serve interested parties in member and prospective member countries, as well as the trade, the trade press, and commercial and financial editors in the operating countries. A simple booklet on cotton is also planned, to explain for schools, women's groups, and store employees the processes that bring cotton from field to wardrobe and to list the consumer benefits it provides. —J.B.

Sweden's U.S.-Type Newspaper Sells U.S. Foods

Top right, sign tells passers-by of refrigerated pastry dough demonstration; above, shoppers critically sampling U.S. foods; below, guide to exhibition hall.

Total sales figures—US$127,000—are now in for the 63 stores of Sweden's Metro food chain that participated last fall in Sweden's largest in-store promotion of U.S. foods.

Metro, Sweden's fastest growing retail food chain, is also the country's most widely advertised grocery operation. Advertisements like the one shown above, looking much like those found in U.S. newspapers, were used with great success to promote U.S. food products. The advertisements were run several times in the daily papers of Stockholm and Gothenburg to draw Swedish customers to the stores, where posters and signs told them more about the uses and advantages of the U.S. products they saw there. Some stores also ran demonstration booths to acquaint shoppers with new products.

Shoppers responded to the advertising, coming to the stores in droves and pushing turnover up far above average. They purchased the American foods displayed in such quantities that the U.S. share of total grocery sales jumped from the average 2 percent to over 10 percent for the duration of the promotion. Topping the sales list for the more than 75 foods were fruits and vegetables, totaling $30,000.

Not matching this volume of sales, but easily the most attention-getting item at the promotion, were cans of refrigerated pastry dough—sold for the first time at an overseas U.S. foods promotion. Also outstanding was the spectacular record made by canned soup sales. The U.S. Agricultural Attaché, Jim Lankford, reports that sales were 65 times above the normal weekly average.

As in earlier promotions the emphasis was on processed products—their ease of preparation, reliable supply, and uniformly high quality. Many of these products have been shown in Sweden before but have yet to become familiar items on Swedish kitchen shelves. Among products still counted as novelties, but arousing an interest that may develop into markets, were items such as dip mix, instant coffee cream, marshmallows, spices, corn on the cob, and salad dressing and chili sauce.

Not really novelties but commodities still in short supply in Sweden are top-grade fresh fruits and vegetables—especially in the winter. Price is a stiff obstacle to the establishment of a market for these products, but interest is high in obtaining wintertime produce of U.S. origin on a regular basis.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between January 7 and January 15, there was very little change in the offer prices of wheat in Rotterdam. U.S. Spring and Canadian Manitoba increased 1 cent and U.S. Hard Winter was down by 1 cent. U.S. Soft Red Winter, Argentine, and USSR 121 remained unchanged.

U.S. and Argentine corn advanced 2 cents. South African White was still unquoted.

Item	Jan. 15	Jan. 7	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.04	2.03	2.07
USSR 121	1.95	1.95	1.95
U.S. No. 2 Dark Northern Spring, 14 percent	1.92	1.91	1.93
U.S. No. 2 Hard Winter, 14 percent	1.90	1.91	1.83
Argentine	1.78	1.78	1.79
U.S. No. 2 Soft Red Winter	1.75	1.75	1.73
Corn:			
U.S. No. 3 Yellow	1.41	1.39	1.41
Argentine Plate	1.48	1.46	(1)
South African White	(1)	(1)	1.47

[1] Not quoted.

All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

1968 Crop Turkish Tobacco Decreases

The 1968 Aegean tobacco crop in Turkey will be slightly above 220 million pounds, compared with 284 million in 1967. The crop is expected to be of mixed quality. Reliable sources estimated that about 50 percent of the crop is middling quality tobacco. Unseasonably hot weather followed by rains and cold damaged the crop and even spoiled much of the high quality top leaves. Thus, there is expected to be heavy competition among merchants for superior qualities when the market opens.

The opening date for the 1968 Aegean tobacco growers' market has become a lively issue for exporters and growers. The Minister of the Turkish Tobacco Monopoly has announced on several occasions that the market will open earlier than the January 29 date of last year. Exporters anticipate that the U.S. dock strike will be ended by the time the market opens and that shipments to the United States can be resumed.

The principal export market for this Turkish tobacco is the United States. This is oriental aromatic cigarette leaf tobacco, which is blended in the United States with domestic leaf in the traditional American-blend cigarette.

General imports (arrivals) of cigarette leaf from Turkey during January-November 1968 totaled 103 million pounds, compared with 119 million in the same 11 months of 1967.

Cotton Use Rises in United Kingdom

In recent months there has been a recovery in the level of activity in the U.K. cotton industry. Consumption of raw cotton in the first 3 months (August-October) of the current season was up by 5 percent from a year earlier. Consumption during the 1967-68 year totaled 826,000 bales (480 lb. net), the lowest offtake in more than 2 decades.

An increase in domestic demand and a modest recovery in exports of U.K. fabrics, coming partly as a result of the sterling devaluation in November 1967, led to this improvement in cotton activity. However, at the same time, improved consumer demand encouraged a marked expansion of cotton textile imports. In an effort to slow the economy and discourage imports, the government on November 22 increased all purchase tax rates by 10 percent. In addition, the government on November 27 introduced an import deposit scheme which requires importers to pay a deposit amounting to 50 percent of the invoice value of imported manufactured goods for a period of 6 months. Basic raw materials, including raw cotton, are exempt. Manmade fibers and all fabrics and clothing made from them, however, are liable.

Because it has become much more difficult and expensive to import cotton textiles and clothing, a situation now exists which gives considerable impetus to the domestic industry. Unless there is a major fall in consumer demand, more of the imported lines which the textile industry can produce will be made in Britain.

Imports of raw cotton during the first 3 months (August-October) of the current season were about 39 percent above the imports during the same period of a year earlier. The increase represents a continuation of a recovery in raw cotton stocks that took place towards the end of the 1967-68 year. It also reflects the modest revival in the U.K. cotton textile industry. Major suppliers of raw cotton to the United Kingdom in the 1967-68 season with quantities supplied were: United States, 138,000 bales; Turkey, 106,000; Sudan, 83,000; Colombia, 76,000; Pakistan, 71,000; and the Soviet Union, 67,000. Raw cotton imports for the full 1968-69 year are expected to be below the 902,000 bales imported in the 1967-68 season.

Locusts Threaten Australia's Cotton Crop

Locusts in some areas of the Ord River Valley area of Australia could seriously damage the estimated 12,000-acre 1968-69 cotton crop. There are reportedly already 250,000 per acre, and, as the locusts were laying eggs in late December, the number could multiply many times in the next few months. This would be during the cotton growing season in the valley area. The activity of the locusts is being closely watched to determine the best time for control measures.

U.K. Cocoa Bean Grind Down

Cocoa bean grindings by the United Kingdom during 1968 totaled 91,500 long tons, down 2.9 percent from the 1967 level of 94,200. The fall in U.K. grind was attributed to higher cocoa bean prices to British manufacturers. Prices were high as a result of devaluation of the pound sterling and because world cocoa consumption exceeded production for the third consecutive year.

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Brazil Slows Food-Price Rises by Greater Production

During the past 4 years Brazil has tried to improve its agricultural output in an effort to halt soaring food prices. The drive now seems to be paying off as larger crops contribute to food-price stability.

Rising food costs in the mid-1960's helped push a runaway cost of living in Brazil. In Rio de Janeiro the cost-of-living increase for all products during 1964 was estimated at 86 percent, in 1965 at 45 percent, in 1966 at 41 percent, and in 1967 at 25 percent. For 1968, the price index for all products rose about 21 percent through October.

But since late 1967 increases in retail prices of some food items basic to the Brazilian diet have been relatively small, and these modest increments have had a stabilizing effect on the overall price scene. For example, the retail price of rice in a representative Rio de Janeiro supermarket rose only 8 percent from October 1967 to October 1968. Prices of black beans and beef crept up by 2 percent and 4 percent, respectively, during the same period.

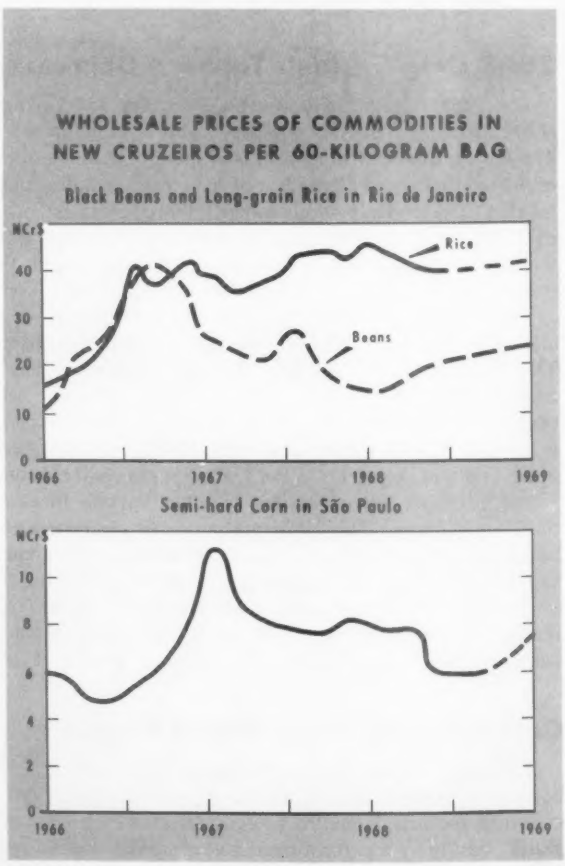
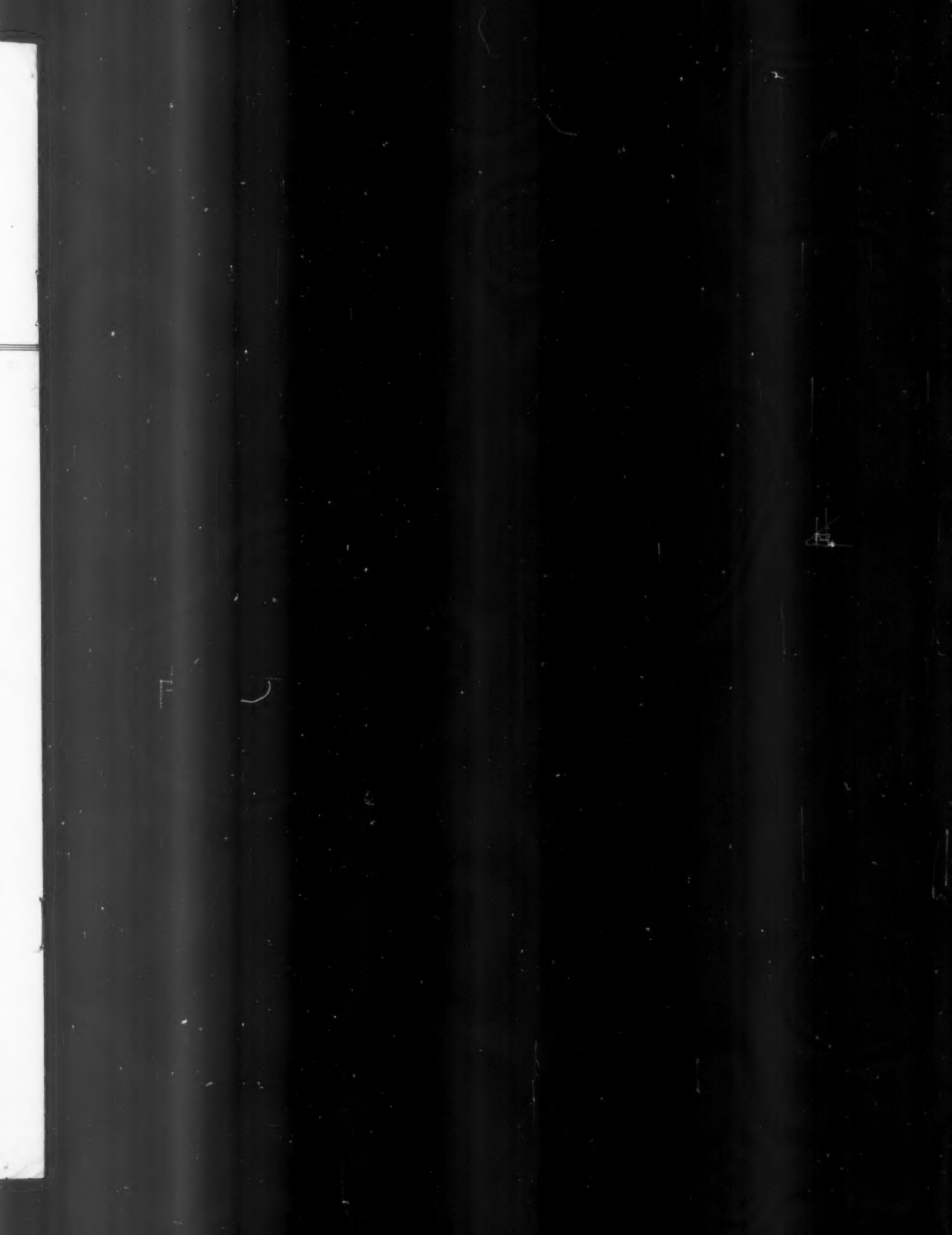
Wholesale price trends

Following the slightly reduced corn harvest of 1966, the wholesale price of corn rose from early 1966 until early 1967. As the record 1967 corn crop began to appear on the market, prices declined markedly. And from mid-1967 to late 1968 wholesale corn prices had an overall drop because of plentiful supply. The 1968 harvest was nearly as large as that in 1967.

Recently, however, and for the immediate future, corn prices look less restrained. Brazil's record corn exports during 1968 (about 1.2 million metric tons) shortened supplies for domestic consumption, and prices began rising late in the year. Exports were stimulated by reduced taxes on corn for export and by devaluations of the Brazilian currency. Higher prices may continue throughout 1969 because record 1968 exports reduced commercial stocks and because the area planted for the 1969 crop is down from 1968 owing to last year's low prices to producers.

Wholesale prices of beans rose in 1966 until late in the year because of a poor crop in 1965-66 and lessened supplies. During 1967 prices fluctuated but generally decreased because of the large 1966-67 crop and reached a low point at the end of the year. The 1967-68 crop was smaller than that of the previous season and wholesale bean prices climbed slowly during 1968. The 1968-69 crop is large, however, and prices should halt their upward trend or perhaps reverse.

Rice wholesale prices more than doubled during 1966, rose between 10 and 20 percent (depending on the type of rice and its sale location) during 1967, and showed a tendency to decline during the first half of 1968. Late in the year prices rose slightly. —Based on dispatch from ROBERT W. JOHNSON
Assistant U.S. Agricultural Attaché
Rio de Janeiro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